FILED
SEP 6 - 2000
CLERK

(4)

No. 00-127

IN THE

Supreme Court of the United States

SEMICONDUCTOR ENERGY LABORATORY CO., LTD.,
Petitioner,

v.

SAMSUNG ELECTRONICS CO., LTD.,
SAMSUNG ELECTRONICS AMERICA, INC.,
and SAMSUNG SEMICONDUCTORS, INC.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF FOR PETITIONER

J. ALAN GALBRAITH
Counsel of Record
DAVID S. BLATT
WILLIAMS & CONNOLLY LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005
(202) 434-5000

JOEL DAVIDOW
ABLONDI, FOSTER, SOBIN & DAVIDOW, P.C.
1150 Eighteenth Street, N.W.
Ninth Floor
Washington, D.C. 20036-4129
(202) 296-3355

Attorneys for Petitioner Semiconductor Energy Laboratory Co. Ltd.

WILSON-EPES PRINTING CO., INC. – (202) 789-0096 – WASHINGTON, D. C. 20001

ZZPP

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
REPLY ARGUMENT	1
1. This case is not fact-driven but is based on general approaches that likely will have far reaching and mischievous consequences	2
2. The PTO intended to remove inequitable conduct with respect to submitted or cited references and to prevent inequitable conduct second-guessing of the comprehensiveness of concise explanations	4
3. Rule 98(c), as clarified by MPEP § 609A(3), cannot be construed to find a violation by SEL on this record	4
4. The ruling below was not needed to protect Samsung from an allegedly invalid patent	6
5. SEL timely raised the issues in its Petition	7
6. Conclusion	9
REPLY APPENDIX	
Fiskars, Inc. v. Hunt Mfg. Co., Fed. Cir. July 24, 2000 (Inequitable Conduct Ruling Only)	1a

TABLE OF AUTHORITIES

CASES — Page

ALCO Standard Corp. v. TVA, 808 F.2d 1490 (Fed. Cir. 1986) 7
Brinkerhoff-Faris Co. v. Hill, 281 U.S. 673 (1930) 9
Douglas v. Buder, 412 U.S. 430 (1973) 9
Fiskars, Inc. v. Hunt Mfg. Co., 2000 WL 1015080 (Fed. Cir. July 24, 2000) 2, 10
Janigan v. Taylor, 344 F.2d 781 (1st. Cir. 1965) 5
Moore v. Chesapeake & Ohio Ry. Co., 340 U.S. 573 (1951) 5
Pruneyard Shopping Center v. Robins, 447 U.S. 74 (1980) 7
United States v. Penn. Ind. Chemical Corp., 411 U.S. 655 (1973)* 8

RULES AND REGULATIONS

PTO Rule 56 ..... *passim*
PTO Rule 98 ..... *passim*
MPEP § 609 ..... *passim*

ARTICLES

Matthew W. Siegal, *To Translate or Not to Translate, That's the Question*. The Intellectual Property Strategist, Vol. 6, No. 8 (May 2000) 1a

---

* The citation to this case at p. 26 of the Petition should be corrected to read 411 U.S. 655, 674 (1973).

REPLY ARGUMENT

This case tests the limits of inequitable conduct d ctrine, so this Court can delineate the point at which judicial discretion improperly becomes the power to override agency choices and punish patent owners without fair warning.

The essential problem is that the Federal Circuit, dissatisfied with the PTO 1992 compromise scheme for dealing with prior art foreign language references, created two "duties" that the agency purposely eschewed. The PTO decided that the only duty regarding translation is the duty to submit all pre-existing full or partial translations. And the PTO decided that the only duty to describe foreign language references in English is for the applicant to select one or more highlights (similarities or differences) that the inventor subjectively deems relevant, subject to the rule that a narrow translation or explanation will create a narrow presumption of validity at trial.

The Federal Circuit decided here that courts may treat PTO disclosure Rules as a floor, not a safe harbor, and may impose further duties on applicants: a duty to supplement accurate pre-existing partial translations and/or a duty to explain all key teachings of foreign language references. The reasons to review this judicial activism is not only that it is overreaching and unfair, but that it vastly increases the costs and risks of obtaining patents, with such burden falling largely on foreign applicants.[1]

---

[1] *See* Matthew W. Siegal, *To Translate or Not To Translate, That's the Question*, The Intellectual Property Strategist, Vol. 6, No. 8 (May 2000). The author estimates that in prosecutions involving foreign language references translating every potentially material foreign language reference could cost more than preparing and filing the patent application itself. The article ends with the statement that the ruling below may be remembered as the "Translators' Full Employment Act of 2000."

Samsung opposes certiorari (although it has cross-petitioned in No. 00-138) by asserting (1) that this case is fact-driven and typical, (2) that the PTO itself recognizes and favors the right of judges to ferret out novel schemes of deception, (3) that factual rulings can be construed to justify a finding of violation of Rule 98 by SEL, (4) that the ruling below was necessary to prevent the enforcement of an invalid patent, and (5) that SEL did not timely raise the issues raised in its petition. None of these contentions is correct. We will discuss each in turn.

1. This case is not fact-driven but is based on general approaches that likely will have far reaching and mischievous consequences. The case is based on a mere alleged failure to explain enough and thus is totally dependent on the two judge-created duties discussed above and on the strained notions that a *submitted* reference can be deemed "constructively withheld" and that a considered reference may be assumed to have been inadequately examined. It is undisputed that SEL submitted the full Canon '968 reference in the original Japanese, along with the only partial translation it had, and a concise explanation containing no false statements, and which named elements of the invention that were taught in the reference, deemed the reference relevant, and requested that it be considered, which it was. Pet. App. 135a (IDS), 149a (examiner initialing reference). SEL's fundamental point (never discussed by Samsung) is that in 1992 the PTO determined not to expose submitted references, foreign or domestic, to inequitable conduct challenge, and embodied this determination in PTO Rule 56. With regard to domestic references this principle remains unquestioned. One month ago, Judge Newman wrote for a unanimous Federal Circuit panel that "An applicant can not be guilty of inequitable conduct if the reference was cited to the examiner, whether or not it was [considered]. . . . Fiskars' citation as prior art defeats Hunt's charge that the Maruzen device was withheld with deceptive intent." *Fiskars, Inc. v.*

Hunt Mfg. Co., 2000 WL 1015080,*8 (Fed. Cir. July 24, 2000). Neither the language of Rule 56 nor the *Fiskars* opinion in any way suggests that the submission of a foreign language reference refutes inequitable conduct intent any less than the submission of any other reference.

The alleged factual findings that Samsung stresses as crucial illustrate the risk and uncertainty that vague duties create. It is essentially impossible for an applicant to make or obtain a one-page translation of a thirty-page reference which contains all arguably material passages or to write a one or two sentence concise explanation that is not open to challenge as somehow incomplete. As to the intent requirement, this case illustrates that an accused infringer may be able to skip over this burden simply by allegations (or presumptions) that the inventor knows the foreign language well, is a good scientist, and is familiar with the general principles of PTO practice. If such "facts" prove intent, and are not allowed to be refuted by the very act of voluntary submission itself, then every successful foreign inventor submitting references from his country is in danger of an adverse intent finding.[2]

Samsung stresses that the Canon '968 reference was "material," but the materiality concept was developed and applied to *withheld* references. The Canon reference, in

---

[2] Samsung continues to emphasize Judge Ellis's original finding that SEL "deliberately" created a spotty partial translation and "deliberately" declined to translate further. *E.g.*, Opp at 4 (Dr. Yamazaki "decided that only parts should be translated and submitted"); Opp. at 15 ("intentional decision to submit"). Even Judge Ellis dropped his deliberateness finding in his second opinion after being reminded that the translation was pre-existing and had to be submitted as is pursuant to PTO Rule 98(c). Judge Ellis then retreated to his new theory that applicants have a duty to review every fragment they submit and make supplemental translations whenever such fragment may be incomplete. Pet. App. at 91a. That was the beginning of the "floor, but not a ceiling" approach embraced even more broadly by the Federal Circuit (Pet. App. at 13a) and creating the mischief that this Petition seeks to remedy.

contrast, was submitted and considered. Materiality is therefore not relevant. To the extent that Samsung is arguing that certain untranslated portions of Canon '968 could be viewed as material, it also fails to show why the applicant would have understood from the concise explanation rules that every arguably material aspect of a reference must be mentioned in English.

2. The PTO intended to remove inequitable conduct with respect to submitted or cited references and to prevent inequitable conduct second-guessing of the comprehensiveness of concise explanations. Samsung emphasizes that the PTO in 1992 recognized and favored the right of judges to ferret out novel schemes to deceive the agency. True enough, but the PTO by amending Rule 56 also clearly intended to eliminate inequitable conduct uncertainty with regard to submitted and cited references without distinction as between English and foreign language references. Moreover, the PTO changed the requirement from showing "the relevance" to the subjective requirement that the inventor state the relevance as he sees it at the time, with the further instruction from MPEP § 609A(3) that such explanation "may" indicate a particular paragraph or "might" point to "similarities." The PTO told the Bar in the Official Gazette that its changes were designed to prevent inequitable conduct second-guessing and that an applicant need not analyze references or combine references against himself. *See* Pet. App. at 112a-114a.

3. Rule 98(c), as clarified by MPEP § 609A(3), cannot be construed to find a violation by SEL on this record. In a desperate attempt to overcome clear evidence of the PTO's desire to protect inventors submitting concise explanations, Samsung argues (Opp. at 19) that SEL could have been found guilty of disguising the inventor's "subjective" view of relevance based on the district court's credibility and intent

findings.[3] However, contrary to Samsung's argument in this Court, the Federal Circuit was *not* willing to base its ruling on assumptions about the inventor's subjective intent. It relied instead on its strained reading of MPEP § 609A(3) as requiring mention of all key teachings despite its clearly permissive language. Samsung also overstates the district court's credibility ruling which related to instances in which Dr. Yamazaki was contradicted by other evidence. Pet. App. at 53a n. 8. Here, despite months of discovery, there was not a scintilla of documentary or testimonial evidence indicating that Dr. Yamazaki remembered the '968 anti-contamination passages, considered them similar to his teachings, or thought he had a duty to discuss them. Moreover, it is well established in evidence law that doubts about credibility can create no basis for a finding that the opposite is true. *Moore v. Chesapeake & Ohio Ry. Co.*, 340 U.S. 573, 576 (1951) ("disbelief of the engineer's testimony would not supply a want of proof"); *Janigan v. Taylor*, 344 F.2d 781, 784 (1st Cir. 1965) (disbelief alone cannot "support a finding that the opposite was the fact"). As we noted before, the district court's "finding" that Dr. Yamazaki read Japanese well, was a good scientist, and knew U.S. patent rules is simply a series of overly broad and unfair generalizations about successful foreign inventors, and provides no clear and convincing evidence of any actual knowledge or motive.

Indeed, Samsung's argument further illustrates the lack of deference the courts gave to PTO policies: The agency changed the concise explanation requirement from a "should have believed" standard to an "actually believed" one, but the district court judge relied entirely on reasoning about what the inventor should have believed, and is affirmed as "not

---

[3] Samsung admits that the features of Canon '968 selected by SEL for discussion in the IDS were both accurate and material. Opp. at i. Moreover, Samsung does not challenge SEL's statement that the selected features could not have been more germane. *See* Pet. at 23 n. 23.

clearly erroneous" even though he obviously applied the old standard, not the new one. Moreover, Samsung ignores that MPEP § 609A(3) clearly instructs an inventor who "believes" in several "relevances" to mention less than all of them in his concise explanation.

Lastly, Samsung and the Federal Circuit could only find the necessary likelihood that the concise explanation would mislead the PTO by assuming that the agency would expect that concise explanations would leave out no aspect of relevance. In fact, the agency has carefully stated the opposite—that only highlights need be mentioned—and thus the PTO has no reason to assume that all or even most relevant features would be mentioned. MPEP § 609A(3).[4] Moreover, Samsung stresses (Opp. at 14) that the PTO needs detailed information regarding how many similarities are in a reference, while failing to explain why the PTO chose to accept foreign "X"/"Y" relevance rankings (in place of a concise explanation) that reveal nothing about the number of similarities. MPEP § 609A(3) (set forth in Pet. at 4).

4. The ruling below was not needed to protect Samsung from an allegedly invalid patent. Samsung stresses that unless its inequitable conduct victory is upheld, SEL will be able to collect large royalties on an invalid patent. Opp. at i ("would have rendered invention unpatentable") & 6 (same). Hardly. Samsung could find no grounds for asserting that the '636 patent was anticipated by prior art or claimed a product that was on sale before the date of the invention. It was left with the always debatable contention that the invention was an "obvious" combination of teachings in earlier art. Samsung moved for summary judgment on that theory, but

---

[4] Samsung fails to respond to cases (*Johnson, Anderson, Monapat*) at pages 26-27 of the Petition that intent to mislead cannot be found in responses to governmental information requests that do not unambiguously seek comprehensive information.

Judge Cacheris ruled that SEL's arguments for nonobviousness were strong enough to justify a jury trial of the issue. Pet. App. at 34a-35a. It was not Judge Ellis's job in the inequitable conduct hearing to determine whether SEL's patent was invalid as obvious, since that issue already had been reserved for jury determination by Judge Cacheris. Judge Ellis's job was to determine whether SEL had *withheld* prior art material to a *prima facie* case of unpatentability, *i.e.*, one that, even if present, can be rebutted.

If SEL prevails in this Court, Samsung will be entirely free to argue its theory of obviousness to the jury. Under the PTO's 1992 regulations, it also will be able to argue that untranslated sections of Canon '968 create no presumption of administrative consideration in favor of SEL. *Cf. ALCO Standard Corp. v. TVA*, 808 F.2d 1490, 1497 (Fed. Cir. 1986). SEL accepts this consequence of its decision not to spend the money for full translations,[5] but believes it should prevail here because the PTO did not intend to allow lack of full translation to let accused infringers win their obviousness contentions during inequitable conduct pre-trial hearings merely by arguing that English language explanations of submitted references were not sufficiently fulsome.

5. SEL timely raised the issues in its Petition. As is apparent from the decision below, SEL continuously has maintained that it complied with the requirements of the PTO governing submission of foreign language references and, having done so, is not guilty of inequitable conduct. It could not properly complain of lack of deference to the PTO until the court below, with exclusive oversight over the PTO, ruled, in rejection of SEL's position, that PTO Rules are a "floor" and "not a ceiling," and that compliance with them

---

[5] SEL would expect to prevail on Samsung's obviousness defense for, *inter alia*, the reasons set forth by Judge Cacheris in his opinion denying summary judgment. Pet. App. at 34a-35a.

does not create any safe harbor to insulate SEL from a judicial finding of inequitable conduct.[6]

The deference issue thus arose only when the court below held in contravention of Rule 56 held that a *cited* reference could be deemed "constructively withheld" and unexpectedly read MPEP § 609A(3) as requiring that a concise explanation in an IDS must include all "key teachings" despite the absence of any such statement in Rule 98(a)(3) or MPEP § 609A(3). Similarly, the due process issue did not arise until the court below interpreted MPEP § 609A(3) in a manner that no patent applicant could reasonably have anticipated and failed to examine whether SEL's reading of PTO Rules was sufficiently reasonable to negate intent to mislead. SEL then squarely presented the deference and due process issues in its combined rehearing petition, which was its first opportunity to complain that the court with exclusive supervision over the PTO was declining to defer to the PTO's formal Rules and was retroactively changing what was expected of patent applicants by those Rules without consideration of SEL's due process rights.[7] It is well settled doctrine in this Court that

---

[6] SEL's arguments below were in any event deference arguments, since SEL's position was that the Federal Circuit was *bound* by PTO Rules 56, 98, and MPEP § 609A(3). Thus, SEL stated: "This court needs to clarify that there can be no basis for a finding of inequitable conduct when a patentee has complied fully with the PTO Rules governing the conduct in question." Brief for Plaintiff-Appellant, Nos. 98-1377, 99-1107, at 34 (Feb. 2, 1999). In its Reply Brief filed May 10, 1999 (p. 11), SEL stated: "This Court, with no notice to the PTO, should not change well-known ground rules to impose retroactively an amorphous and overly broad 'duty of candor.'" *See Pruneyard Shopping Center v. Robins*, 447 U.S. 74, 85 n. 9 (1980) (particular form of words not essential to adequate presentation of an issue).

[7] *See* Combined Petition for Panel Rehearing and Rehearing *En Banc*, Nos. 98-1377, 99-1103 (March 16, 2000). SEL wrote: "PTO Rules regarding the submission of foreign language references promulgated in 1992 after extensive rulemaking, are detailed, specific, reticulated, procedural regulations from an expert agency. Applicants must rely on

SEL timely raised the deference and due process issues. *See, e.g., Brinkerhoff-Faris Co. v. Hill*, 281 U.S. 673, 677 (1930) (due process issue timely raised if raised at first opportunity, which was on rehearing of state supreme court decision); *Douglas v. Buder*, 412 U.S. 430, 432 (1973); *see also United States. v. Penn. Ind. Chem. Corp.*, 411 U.S. 655, 674 (1973) (when appeals court reinterprets regulation, it must recognize lack of intent defense where agency guidelines reasonably led the applicant to believe his conduct was acceptable).[8]

6. In conclusion, there is a fundamental difference between the assumptions underlying Samsung's Brief in Opposition and the policy choices made by the PTO in 1992. The agency, after consulting with the patent Bar, decided for reasons of cost to impose no duty of translation of foreign language references on either the applicants or itself. It told applicants what it wanted from them, and, to avoid inequitable conduct risk to them, took steps to assure that applicants would not be troubled by inequitable conduct second-guessing. It warranted that it would examine all submitted references, whether or not it relied on its translation services, library of abstracts, or its other skills and resources.

Samsung, like the Federal Circuit, presumes that an inequitable conduct pre-trial hearing should have occurred here despite the reference at issue being submitted together with a pre-existing partial translation and a concise explanation mentioning some similarities, and that the only

---

them. Court are expected *to defer* to them." *Id.* at 8 (emphasis added). SEL directly presented its new and unanticipated due process point, citing, *inter alia, United States v. Penn. Ind. Chem. Corp.*, 411 U.S. 655, 674 (1973). *Id.* at 10.

[8] Pennsylvania Industrial's principal brief in the Third Circuit shows that it did not raise the due process issue prior to the Third Circuit's decision. Brief for Appellant Pennsylvania Industrial Chemical Corp., No. 71-1840 (Oct. 30, 1971).

question is whether the district judge reached a plausible outcome. But the PTO's goal was to avoid such a hearing, not merely ensure that it came out alright. It is clear that if this ruling is not reversed, far more such hearings will occur, since large sums of money are at stake and no applicant can provide a partial translation or concise explanation that is not subject to challenge for something that it omits.

Judge Newman's recent decision in *Fiskars* states (in the context of a submitted English language reference *not* considered by the examiner) that "an applicant's citation of prior art in accordance with the rules of the PTO *precludes* a finding of withholding of that prior art with deceptive intent." 2000 WL 1015080, * 10 (emphasis added). She further ruled that it was sanctionable for an alleged infringer to waste the court's time with an inequitable conduct challenge involving a voluntarily submitted reference. These rulings highlight the anomalous and discriminatory nature of the Federal Circuit's ruling that SEL and other applicants submitting foreign language references are entitled to no safe harbor from compliance with PTO Rules.

Thus, this Petition is justified for two important reasons: (1) to make clear to all district courts faced with inequitable conduct allegations that the doctrine of inequitable conduct does not involve the creation of duties to inform the PTO of more than it wishes to know; and (2) that inequitable conduct allegations are rebutted by voluntary submission of references and by reasonable readings of PTO Rules and guidelines. Lastly, as we have noted before, review and reversal of the ruling below is necessary not merely because the Federal Circuit did not respect deference and due process principles, but also because its ruling has immediately created a patent application system that is expensive, uncertain, and arbitrarily biased, with the expense and uncertainty burden falling disproportionately on foreign applicants.

The Petition for a writ of certiorari should be granted.

Respectfully submitted,

J. ALAN GALBRAITH
Counsel of Record
DAVID S. BLATT
WILLIAMS & CONNOLLY LLP
725 Twelfth Street, N.W.
Washington, D.C. 20005
(202) 434-5000

JOEL DAVIDOW
ABLONDI, FOSTER, SOBIN & DAVIDOW, P.C.
1150 Eighteenth Street, N.W.
Ninth Floor
Washington, D.C. 20036-4129
(202) 296-3355

Attorneys for Petitioner
Semiconductor Energy Laboratory Co. Ltd.